

Message Text

CONFIDENTIAL

PAGE 01 STATE 065372

61

ORIGIN EB-07

INFO OCT-01 NEA-09 ISO-00 EUR-12 SSO-00 NSCE-00 CCO-00

SS-15 PM-03 NSC-05 /052 R

DRAFTED BY EB/AN:JBMAGNOR:VLV

APPROVED BY EB/JLKATZ

EB/TT - MR. WALDMANN

EUR/WE - MR. BARBOUR

EUR - MR. HARTMAN

C - MR. SONNENFELDT

PM - MR. VEST

S/S MR. EALUM

S - MR. BREME

----- 051668

O 220230Z MAR 75 ZFF4

FM SECSTATE WASHDC

TO AMCONSUL JERUSALEM

INFO AMEMBASSY THE HAGUE IMMEDIATE

C O N F I D E N T I A L STATE 065372

TOSEC 918//////////

E.O. 11652: GDS

TAGS: EAIR, NL

SUBJECT: ACTION MEMORANDUM - KLM CAPACITY

(S/S NO. 7505679)

REF: TOSEC 529, 607, HAGUE 1364

FROM KATZ AND HARTMAN TO SECRETARY THRU SONNENFELDT

1. VAN DER STOEL'S RESPONSE TO YOUR COMPROMISE PROPOSAL OF
18 KLM WEEKLY FREQUENCIES (AND 540,000 SEATS) (TOSEC 607)
IN EFFECT REJECTS THAT PROPOSAL AND SUGGESTS THAT THE
MAXIMUM THE DUTCH MIGHT CONCEDE IS 21 OR 23 WEEKLY FRE-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 065372

QUENCIES. VAN DER STOEL PROPOSES FURTHER EFFORTS TOWARD A

NEGOTIATED SOLUTION; BUT GIVEN HIS REJECTION OF 18 FREQUENCIES AND HIS SETTING THE PARAMETERS OF A SOLUTION WITHIN THE 21-23 FREQUENCY RANGE, IT IS CLEAR THAT TO AGREE TO FURTHER NEGOTIATIONS WITHOUT QUALIFICATIONS IS IN EFFECT AGREEING TO A SOLUTION IN THE UPPER RANGE.

2. WE ARE MINDFUL OF THE UNRESOLVED QUESTION OF THE F-16 SALE AND THE IMPACT OF THIS ON THE TACTICS OF THE KLM QUESTION. PRINCE BERNHARD HAS PASSED WORD TO US THAT THE OUTLOOK FOR THE F-16 SALE LOOKS GOOD TO HIM IF THERE ARE NO POLITICAL DEVELOPMENTS TO CLOUD OUR BILATERAL RELATIONS,

AND HE SPECIFICALLY MENTIONED THE KLM PROBLEM. OUR PRESENT INFORMATION IS THAT A FIGHTER AIRCRAFT SELECTION IS POSSIBLE IN THE COURSE OF APRIL, AFTER THE CONSORTIUM GOVERNMENTS HAVE EVALUATED THE NEW FRENCH PRICING OFFER AGAINST OUR OWN, AND PERHAPS AFTER THE DUTCH LABOR PARTY CONFERENCE SET FOR THE WEEKEND OF APRIL 10. WE WOULD HAVE TO CONSIDER HOW TO PROCEED IN LIGHT OF THE DUTCH REACTION TO THE POINTS THAT WOULD BE MADE TO THEM BY AMBASSADOR GOULD AS SUGGESTED IN PARAS 5 AND 6 BELOW.

ANOTHER OPTION, WOULD BE TO PUT THE ENTIRE MATTER ON THE BACK BURNER UNTIL AFTER APRIL AND NOT EVEN REACT ORALLY TO THE DUTCH RESPONSE TO YOUR PROPOSAL. WE ARE ALSO AWARE THAT WE MIGHT HAVE TO CONSIDER A SITUATION LATER IN WHICH THE DUTCH AGREE TO BUY THE F-16 BUT ON CONDITION WE SEEK NO FURTHER REDUCTIONS IN KLM FREQUENCIES BEYOND THEIR PREVIOUS OFFERS.

3. TAKING INTO ACCOUNT THE FOREGOING, BUT IN VIEW OF THE FACT THE KLM QUESTION IS SUCH A PROMINENT PUBLIC ISSUE IN THE NETHERLANDS, WE NEVERTHELESS BELIEVE WE SHOULD MOVE TOWARD A NEGOTIATED SOLUTION TO THE PROBLEM AS SOON AS POSSIBLE. WE DO NOT BELIEVE, HOWEVER, WE SHOULD ACCEPT A SOLUTION IN THE 21-23 FREQUENCY RANGE--NOR FOR THAT MATTER ANYTHING ABOVE 19. FIRST, GIVEN MARKET CONDITIONS AND PATTERNS OF AIRLINE OPERATIONS AT THE 18-19 FREQUENCY LEVEL, WE ARE AT THE POINT WHERE EACH FREQUENCY HAS GREAT SIGNIFICANCE AT THE MARGIN. IN OTHER WORDS SOME BENEFITS WILL FLOW TO PAN AM AT A KLM LEVEL OF 18; NONE WILL FLOW

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 065372

TO PAN AM AT A LEVEL OF 20 OR MORE. MOREOVER, SINCE THE INTERNATIONAL AVIATION COMMUNITY IS WELL AWARE OF THE SIGNIFICANCE OF THE NUMBERS INVOLVED, OUR ACCEPTANCE OF A LEVEL OF KLM FLIGHTS AT 20 OR ABOVE WOULD BE A CLEAR AVIATION DEFEAT FOR US WITH OBVIOUS ADVERSE CONSEQUENCES ELSEWHERE. THE CAB, AS WELL AS PAN AM, ARE NOW URGING THAT WE RESTRICT KLM'S FREQUENCIES UNILATERALLY AND/OR DENOUNCE THE BILATERAL AGREEMENT IF AN ACCEPTABLE

NEGOTIATED SOLUTION IS NOT POSSIBLE.

4. IT APPEARS THAT THE DUTCH ARE CONTINUING TO TEST US IN AN EFFORT TO DETERMINE WHAT LEVEL OF KLM FREQUENCIES AND CAPACITY REPRESENTS THE FINAL, ACCEPTABLE SOLUTION FROM THE US POINT OF VIEW. THE DUTCH MAY NOT FULLY INTERPRET YOUR COMPROMISE OF 18 WEEKLY FREQUENCIES/540,000 SEATS AS A COORDINATED AND VIRTUALLY FINAL US PROPOSAL. WE BELIEVE THAT WE SHOULD THEREFORE PROMPTLY ADVISE THE DUTCH THAT YOUR PROPOSAL WAS A SERIOUS AND FINAL EFFORT TO REACH A NEGOTIATED SOLUTION AND URGE THEM TO CONSIDER IT FURTHER. AT THE SAME TIME, WE SHOULD MENTION THE VIEW OF THE US AVIATION COMMUNITY THAT, IF A NEGOTIATED SETTLEMENT CANNOT

BE REACHED, THE US SHOULD INVOKE THE ONE YEAR'S TERMINATION PROVISION OF THE BILATERAL AGREEMENT.

5. WE BELIEVE AMBASSADOR GOULD SHOULD SEEK AN EARLY MEETING WITH DUTCH OFFICIALS AS AMICUS CURIAE WITH A VIEW TO IMPRESSING ON THE DUTCH THE SERIOUSNESS OF YOUR INTENTION AND NECESSITY OF RECONSIDERING IT AS A BASIS FOR EARLY RESOLUTION OF THE DIFFICULTIES. THIS PRESENTATION SHOULD DRAW ON FOLLOWING POINTS:

A. THE US IS DISAPPOINTED WITH VAN DER STOEL'S MARCH 14 REPLY TO YOUR PROPOSAL.

B. THE US IS PREPARED TO RESUME NEGOTIATIONS AT ANY LEVEL AND AT ANY TIME, SUBJECT TO FOLLOWING DESIDERATA:

IT MAY APPEAR EASY TO COMPROMISE FURTHER, AT SAY 20 WEEKLY FREQUENCIES, BUT THE NEGATIVE ASPECTS OF THIS
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 065372

FOR THE US RULE IT OUT EVEN AT SUCH A NARROW MARGIN.

US THEREFORE URGES THAT THE DUTCH RECONSIDER YOUR PROPOSAL IN ORDER TO AVOID THE POSSIBILITY OF A CONFRONTATION.

THERE IS GROWING PRESSURE FROM THE US AVIATION COMMUNITY TO SERVE NOTICE OF TERMINATION OF THE BILATERAL AGREEMENT IF AN ACCEPTABLE NEGOTIATED SOLUTION IS NOT POSSIBLE.

6. RECOMMENDATION: THAT YOU AUTHORIZE AMBASSADOR GOULD TO PROCEED WITH THE APPROACH SET FORTH IN PARA 5 ABOVE.

APPROVE.

DISAPPROVE.

CLEARED BY PM, C, S-BREMER.

INGERSOLL

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS, PASSENGERS, AIR ROUTES, AVIATION AGREEMENTS, TOSEC 918
Control Number: n/a
Copy: SINGLE
Draft Date: 22 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE065372
Document Source: CORE
Document Unique ID: 00
Drafter: JBMAGNOR:VLV
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750100-0539
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750324/aaaaavuy.tel
Line Count: 174
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 TOSEC 529, 75 607, 75 HAGUE 1364
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUN 2003 by KelleyW0>; APPROVED <01 DEC 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ACTION MEMORANDUM - KLM CAPACITY (S/S NO. 7505679)
TAGS: EAIR, NL, KLM, (VAN DER STOEL, MAX)
To: JERUSALEM
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006